

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Conflicts of Interest

1. Executive Order 10457, establishing policies and regulations for consultants with regard to conflicts of interest, was limited to those consultants appointed pursuant to the Defense Production Act of 1950. It did not affect any consultants appointed by the Central Intelligence Agency under its alternate authorities in the National Security Act of 1947 and the Central Intelligence Agency Act of 1949. Consequently, there are no requirements for publication of information concerning CIA consultants. However, newspaper stories concerning the investigations of Mr. Callar's Committee and of further proposals by the Department of Justice led me to make inquiry with the latter.
2. Mr. Reynolds and I saw Judge Stanley Barnes and Mr. Robert A. Bicks of his office, who are currently handling conflict-of-interest matters in addition to their normal anti-trust responsibilities. We recounted to Judge Barnes our premises and principles in regard to consultants and experts and gave him examples of the security problems encountered by this Agency in this field. Judge Barnes said that he thought any attempt to get legislation requiring publication of information on consultants and experts would not succeed. He also did not believe there would be any executive order applying to the rest of Government, but if there were he felt quite sure that there should be a complete exemption for CIA in one form or another. If by any chance legislation in this field seemed to be making progress, he agreed there was every reason for CIA to seek an exemption and that he would give such an exemption his complete support.
3. I pointed out some of the conflict-of-interest matters that had given me some concern and how we handled them, and Judge Barnes felt that if we could make a clear and complete record of our action it would be the best protection against subsequent investigation. This has been and will continue to be our practice.
4. Judge Barnes inquired whether in giving testimony before Mr. Callar's Committee in the next day or two they could cite our problems as reasons for not requiring publication of information on

consultants. Mr. Reynolds and I said we would prefer not to be brought into the picture specifically, and Judge Barnes agreed that at the moment he might say that in the general defense area there were situations which made it inadvisable to publish the information about consultants.

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LAWRENCE R. HOUSTON
General Counsel

cc: Inspector General
Deputy Director (Support)
~~Legislative Counsel~~
Director of Personnel